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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/607,891	06/30/2000	Garnet G. Morris	55711/0002	1214

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EXAMINER

DASS, HARISH T

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 08/11/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/607,891

Applicant(s)

MORRIS ET AL.

Examiner

Harish T. Dass

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 14 February 2005.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date 2/14/05.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____.

DETAILED ACTION

Drawings

1. All figures should be labeled properly, for example, Figures 1-4 should be labeled prior art, and figure 1 has missing block numbers (labels). Fix all drawings in relation to the specification (correct reference numbers, e.g. Figure 1, OPCO - # 110, etc.)

Claim Objections

2. Claims 1-20 are objected to because of the following informalities: particularly RCA should be spelled out. Appropriate correction is required.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-2, 6-14, 16-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Elizabeth Moore "Swimming in Funds/Union funds may help Bay Shore aquarium", Newsday, NASSAU AND SUFFOLK Edition, Long Island, N.Y.: Jul 11, 1997. pg. A.08 (hereinafter Moore) in view of Applicant's Admitted Prior Art (APA) and Galaty et al (hereinafter Galaty – "Modern Real Estate Practice", Fifth Edition, 2000).

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Re. Claim 1, Moore discloses aggregating a plurality (pool) of loans, creating a plurality of debt securities backed by the plurality of loans, and selling the plurality of debt securities in an offering [see entire document - pages 1-3].

Moore does not explicitly disclose wherein each of the RCA loans is backed by a refundable tax deposit and life insurance policy; and including maintaining payments of principal and interest on the debt securities in an event of a default of one of the plurality of RCA loans; and wherein at least one of said aggregating, creating and selling uses at least one of a data processor and an electronic or computer communication link.

wherein each of the plurality of loans (mortgage loan) is secured by an insurance policy and each of the plurality of debt securities provides an investment in a claims-paying ability of each insurance company issuing the insurance policy, an additional service provider connected to the custodian, the additional service provider including one of a liquidity provider, an advance provider and a service, a master trustee connected to the custodian, the master trustee being legally authorized to seek monies refunded from a refundable tax account of a respective one of the plurality of loans, a principal and interest account connected to the custodian, and

loans, and a swap counterparty connected to the custodian, the swap counterparty converting payment from the portfolio of floating rate loans to a stream of fixed payments for providing payment to holders of the debt instruments.

However, universal life insurance (where universal life insurance is a flexible-premium, adjustable benefit life insurance policy that accumulates account value) and utilizing (uses) at least one of a data processor and an electronic and computer

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readable program code (software on hard-drive, floppy, or CD), computer coupled to the communication link by financial institutions are will known (e.g., use of computer system with internet communication or network links are know in financial institutions such as insurance, mortgage companies, banking and private companies are known).

APA discloses wherein each of the RCA loans is backed by a refundable tax deposit and life insurance policy; and including maintaining payments of principal and interest on the debt securities in an event of a default of one of the plurality of RCA loans and a special purpose vehicle (SPV) acquiring a portfolio of floating rate loans [see original specification pages 1-14] to allow employer make contribution for employee retirement benefits. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to combine the disclosure of Moore and APA to aggregate funds and create security backed by pension funds where the income from the securities benefit the retirement accounts.

Galaty wherein each of the plurality of loans (mortgage loan) is secured by an insurance policy and each of the plurality of debt securities provides an investment in a claims-paying ability of each insurance company issuing the insurance policy [pages 142-143, 227] comprising an additional service provider connected to the custodian, the additional service provider including one of a liquidity provider, an advance provider and a service, comprising a master trustee connected to the custodian, the master trustee being legally authorized to seek monies refunded from a refundable tax account of a respective one of the plurality of loans, a principal and interest account connected to the

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custodian [pages 142-143, 227] to allow to obtain loans backed by other financial instruments.

It would have been obvious at the time the invention was made to a person having ordinary skill in the art to combine the disclosures of Moore, Galaty and APA, to obtain incomes from asset backed securities and life insurance to fund pensions payable to executives as an incentive for attraction and retention of key executives.

Re. Claims 2 & 9, Galaty further discloses wherein the offering is one of a private offering and a public offering (common stocks and secondary market for mortgage loans) [page 227].

Claims 3-5, 15, & 20 are rejected under 35 U.S.C. 103(a) as being unpatentable over Moore, Galaty and APA as applied to claims 1,7,16 above, and further in view of Hymer.

Re. Claims 3, 15 and 20 Moore further does not explicitly disclose a distribution from a first party to a RCA account and to a refundable tax account, an amount of the distribution being equally divided between the RCA account and the refundable tax account, and

the life insurance policy owned by the RCA account having a cash surrender value at least as great as the amount of the distribution to the RCA account,

first loan from a lending party to the RCA account, the first loan having a value equal to a predetermined percentage of the distribution, the first loan being secured by

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the insurance policy and a right to monies recovered from the refundable tax account, and

a second loan from the RCA account to an intermediary party, the second loan having a value substantially equal to the value of the first loan, and

a third loan from the intermediary party to the first party, the third loan having a value substantially equal to the value of the first loan.

However, APA discloses a distribution from a first party to a RCA account (RCA account = account) and to a refundable tax account, an amount of the distribution being equally divided between the RCA account and the refundable tax account, and an insurance policy owned by the RCA account and having a cash surrender value at least as great as the amount of the distribution to the RCA account to allow the executive to withdraw RCA assets when he is retires.

Further, Hymer disclose a first loan from a lending party to the account, the first loan having a value equal to a predetermined percentage of the distribution, the first loan being secured by the insurance policy and a right to monies recovered from the refundable tax account, and a second loan from the account to an intermediary party, the second loan having a value substantially equal to the value of the first loan, and a third loan from the intermediary party to the first party, the third loan having a value substantially equal to the value of the first loan to keep the financing cost down. It would have been obvious to one of ordinary skill in the art of loans (mortgage loan, etc.) systems to combine Moore, Galaty and APA, to allow the executive to withdraw from his

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RCA assets when he is retires and combine Moore, Galaty, APA and Hymer for pay off his second loan earlier to benefit from not paying higher interest.

Re. Claims, 4-5, Moore does not explicitly disclose wherein the universal life insurance policy includes a first cash surrender value and a second cash surrender value greater than the first cash surrender value, wherein upon a default condition of a respective one of the plurality of RCA loans, the second cash surrender value is used to offset a negative carry condition. However, these steps are will known (for example, PMI (private mortgage insurance) just does the same thing) to provide assurance to the lender in case the loan is not paid. It would have been obvious to one of ordinary skill in the art of loans (mortgage loan, etc.) systems to modify the disclosure of Moore, Galaty and APA and include universal life insurance policy with flexible-premium, adjustable benefit to allow provide the policy holder a flexibility to change the amount of insurance as it is needs fore better outcome and benefits.

Response to Arguments

4. Applicant's arguments with respect to pending claims have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

1. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP

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§ 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T. Dass whose telephone number is 571-272-6793. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Harish T Dass
Examiner
Art Unit 3628

8/8/05


HYUNG SOUGH
SUPERVISORY PATENT EXAMINER
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